

Maritime Administration

Overview: The Maritime Administration's (MARAD) mission is to promote the development and maintenance of an adequate, well-balanced U.S. merchant marine that is sufficient to carry the Nation's domestic waterborne commerce and a substantial portion of its waterborne foreign commerce, and to serve as a naval and military auxiliary in time of war or national emergency. Through the management of the Maritime Security Program, the Voluntary Intermodal Sealift Agreement Program and the Ready Reserve Force, MARAD helps support national security and strategic mobility by assuring access to ships and crews for Department of Defense mobilizations. MARAD's Education and Training Programs, through the U. S. Merchant Marine Academy and six State Maritime Schools, help provide skilled U. S. merchant marine officers, capable of serving both defense and commercial transportation needs. Through its ship disposal program, MARAD also continues to address the environmental risks posed by over 130 obsolete ships in the National Defense Reserve Fleet. The FY 2004 budget request of \$219 million is an increase of \$11.9 million (6 percent) above the 2003 President's budget request. Of this increase, \$8.7 million is for MARAD programs and \$3.2 million is for salary and mandatory expenses.

MARITIME ADMINISTRATION BUDGET

(Dollars In Millions)

	2002 Actual	2003 1/ Request	2004 1/ Request
Maritime Security Program	99	99	99
Operations & Training	89	93	104
Ship Disposal	0	11	11
Maritime Guaranteed Loans	37	4	4
TOTAL	225	207	219

1/ Excludes estimated accrual payments for civil service retirement and health benefits.



FY 2004 Budget

Operations and Training: The FY 2004 budget request includes \$104 million to support the U.S. Merchant Marine Academy, State Maritime Schools, and MARAD operations. All three programs support homeland and national security, mobility and economic growth. The budget request includes \$52.9 million for the Merchant Marine Academy, including a continuation of \$13 million for critical capital improvement projects, \$9.5 million for the State Maritime Schools, and \$42 million for MARAD Operations. The request reflects a program increase of \$2.2 million for the Academy to address staffing needs, improve the academic program to meet accreditation requirements, and support the increased cost of food and health service contracts critical to the basic needs of the cadets. An increase of \$1.9 million is requested for State Maritime Schoolship maintenance and repair. This will support the maintenance of an additional schoolship acquired for the Great Lakes Maritime Academy and a capital preservation program to prolong the life of the six vessels in the schoolship program. The FY 2004 request proposes to extend the availability of schoolship maintenance and repair funds to two years. The program increase of \$4.6 million in MARAD Operations will provide information technology resources to meet statutory computer security requirements and implement information technology business and management processes.

Maritime Security Program: The FY 2004 budget request includes \$98.7 million for the Maritime Security Program, as authorized. This fleet consists of 47 active, militarily useful, privately-owned vessels to meet national defense and other security requirements, and to maintain a U.S. presence in international commercial shipping. The Maritime Security Program, together with the Voluntary Intermodal Sealift Agreement Program and the Ready Reserve Force, assures DOD access to ships and crews during DOD mobilizations, and helps ensure the efficient flow of military cargo through commercial ports.

Ship Disposal: The FY 2004 budget request includes \$11 million to remove obsolete ships from the National Defense Reserve Fleet (NDRF). MARAD is required to dispose of the obsolete ships in the NDRF by 2006, and still has an inventory of over 130 vessels. MARAD continues to pursue alternative disposal methods, such as export and artificial reefing initiatives with other Federal agencies to minimize any impact on the human and natural environment.

Maritime Guaranteed Loan Program: Consistent with the Administration's intent to eliminate corporate subsidies, no funds are requested for loan guarantees. The budget request of \$4.5 million is for the administration of the existing loan guarantee portfolio.

Ready Reserve Force: The Ready Reserve Force (RRF) is funded in the Department of Defense (DOD) budget, but managed by MARAD. MARAD will meet priority DOD sealift requirements and readiness levels for the RRF with the current estimate of \$227.2 million for FY 2004 activities.

